

SENATE BILL NO. 307—SENATOR MCGINNESS

MARCH 24, 2005

Referred to Committee on Taxation

SUMMARY—Requires local assessment of unscheduled air transport companies that only use three or fewer small planes. (BDR 32-1289)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.  
Effect on the State: No.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to assessment of property; requiring local assessment of the property of unscheduled air transport companies that only use three or fewer small planes; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1     **Section 1.** NRS 361.320 is hereby amended to read as follows:  
2     361.320 1. At the regular session of the Nevada Tax  
3     Commission commencing on the first Monday in October of each  
4     year, the Nevada Tax Commission shall examine the reports filed  
5     pursuant to NRS 361.318 and establish the valuation for assessment  
6     purposes of any property of an interstate or intercounty nature used  
7     directly in the operation of all interstate or intercounty railroad,  
8     sleeping car, private car, natural gas transmission and distribution,  
9     water, telephone, scheduled and unscheduled air transport, electric  
10    light and power companies, and the property of all railway express  
11    companies operating on any common or contract carrier in this  
12    State. This valuation must not include the value of vehicles as  
13    defined in NRS 371.020.  
14    2. Except as otherwise provided in subsections 3, 4 and 7 and  
15    NRS 361.323, the Nevada Tax Commission shall establish and fix  
16    the valuation of all physical property used directly in the operation  
17    of any such business of any such company in this State, as a



1 collective unit. If the company is operating in more than one county,  
2 on establishing the unit valuation for the collective property, the  
3 Nevada Tax Commission shall then determine the total aggregate  
4 mileage operated within the State and within its several counties and  
5 apportion the mileage upon a mile-unit valuation basis. The number  
6 of miles apportioned to any county are subject to assessment in that  
7 county according to the mile-unit valuation established by the  
8 Nevada Tax Commission.

9 3. After establishing the valuation, as a collective unit, of a  
10 public utility which generates, transmits or distributes electricity, the  
11 Nevada Tax Commission shall segregate the value of any project in  
12 this State for the generation of electricity which is not yet put to use.  
13 This value must be assessed in the county where the project is  
14 located and must be taxed at the same rate as other property.

15 4. After establishing the valuation, as a collective unit, of an  
16 electric light and power company that places a facility into operation  
17 on or after July 1, 2003, in a county whose population is less than  
18 100,000, the Nevada Tax Commission shall segregate the value of  
19 the facility from the collective unit. This value must be assessed in  
20 the county where the facility is located and taxed at the same rate as  
21 other property.

22 5. The Nevada Tax Commission shall adopt formulas and  
23 incorporate them in its records, providing the method or methods  
24 pursued in fixing and establishing the taxable value of all property  
25 assessed by it. The formulas must be adopted and may be changed  
26 from time to time upon its own motion or when made necessary by  
27 judicial decisions, but the formulas must in any event show all the  
28 elements of value considered by the Nevada Tax Commission in  
29 arriving at and fixing the value for any class of property assessed by  
30 it. These formulas must take into account, as indicators of value, the  
31 company's income and the cost of its assets, but the taxable value  
32 may not exceed the cost of replacement as appropriately  
33 depreciated.

34 6. If two or more persons perform separate functions that  
35 collectively are needed to deliver electric service to the final  
36 customer and the property used in performing the functions would  
37 be centrally assessed if owned by one person, the Nevada Tax  
38 Commission shall establish its valuation and apportion the valuation  
39 among the several counties in the same manner as the valuation of  
40 other centrally assessed property. The Nevada Tax Commission  
41 shall determine the proportion of the tax levied upon the property by  
42 each county according to the valuation of the contribution of each  
43 person to the aggregate valuation of the property. This subsection  
44 does not apply to a qualifying facility, as defined in 18 C.F.R. §



1 292.101, which was constructed before July 1, 1997, or to an  
2 exempt wholesale generator, as defined in 15 U.S.C. § 79z-5a.

3 7. A company engaged in a business described in subsection 1  
4 that does not have property of an interstate or intercounty nature  
5 must be assessed as provided in subsection 8.

6 8. All other property, including, without limitation, that of any  
7 company engaged in providing commercial mobile radio service,  
8 radio or television transmission services or cable television services,  
9 must be assessed by the county assessors, except as otherwise  
10 provided in NRS 361.321 and 362.100 and except that the valuation  
11 of land and mobile homes must be established for assessment  
12 purposes by the Nevada Tax Commission as provided in  
13 NRS 361.325.

14 9. On or before November 1 of each year, the Department shall  
15 forward a tax statement to each private car line company based on  
16 the valuation established pursuant to this section and in accordance  
17 with the tax levies of the several districts in each county. The  
18 company shall remit the ad valorem taxes due on or before  
19 December 15 to the Department, which shall allocate the taxes due  
20 each county on a mile-unit basis and remit the taxes to the counties  
21 no later than January 31. The portion of the taxes which is due the  
22 State must be transmitted directly to the State Treasurer. A company  
23 which fails to pay the tax within the time required shall pay a  
24 penalty of 10 percent of the tax due or \$5,000, whichever is greater,  
25 in addition to the tax. Any amount paid as a penalty must be  
26 deposited in the State General Fund. The Department may, for good  
27 cause shown, waive the payment of a penalty pursuant to this  
28 subsection. As an alternative to any other method of recovering  
29 delinquent taxes provided by this chapter, the Attorney General may  
30 bring a civil action in a court of competent jurisdiction to recover  
31 delinquent taxes due pursuant to this subsection in the manner  
32 provided in NRS 361.560.

33 10. *For the purposes of this section, an unscheduled air*  
34 *transport company does not include a company that only uses*  
35 *three or fewer fixed-wing aircraft with a weight of less than 12,500*  
36 *pounds to provide transportation services.*

37 11. As used in this section:

38 (a) "Company" means any person, company, corporation or  
39 association engaged in the business described.

40 (b) "Commercial mobile radio service" has the meaning  
41 ascribed to it in 47 C.F.R. § 20.3, as that section existed on  
42 January 1, 1998.

43 **Sec. 2.** This act becomes effective on July 1, 2005.



